

## DESCRIPTION OF FY2001 TAXES

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Amusement Machine License	32 § 7501	\$100 per machine, \$75 if placed in operation after July 1, \$50 if placed in operation after October 1	Annual license required for each amusement or gaming machine into which may be inserted a piece of money or other object for which money is paid and which may be operated by the player in attempting to make a score or reach a standard.
Bank Franchise	32 § 5836	.000096 of average monthly deposit	Tax assessed on franchise or privilege of doing business in Vermont on every corporation which is a bank, savings bank, savings institution, trust company, and every savings and loan association or building and loan association that has a business location in Vermont.
Beverage	7 § 421	26.5¢ per gallon malt 55¢ per gallon vinous	Tax is paid by every bottler and wholesaler on each gallon, or its equivalent, of malt and vinous beverages sold by them to retailers in this state.
Cigarette	32 § 7771	93¢ per package; tax increase to \$1.19 per package effective July 1, 2003	Tax is prepaid by wholesaler when purchasing stamps or meter impressions which must be applied to each pack before sale to retailers. Every wholesale dealer or distributor must be licensed to do business. Licenses are without fee and non-transferable.
Electric Energy	32 § 8661	2.75% of appraised value (Amended in 2001, No. 144 (Ag. Sess.), § 32 to provide that December 31, 2001 appraisal value to be tax base for tax due in 2003 under this section)	Electric generating plants with a name plate generating capacity of 200,000 kilowatts or more pay tax on appraised value.
Estate	32 § 7442a	Measured by Federal credit for state death taxes as in effect on January 1, 2001	For deaths after January 1, 2002, the estate tax is measured by the amount of the Federal credit for state death taxes allowable under Section 2011 of the Internal Revenue Code, as in effect on January 1, 2001.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Freight Lines & Transportation Companies	32 § 8433	1.25% of appraised value of rolling stock	Tax is assessed on the fair and just value of the rights, property and corporate franchise of each steamboat, car or transportation company, provided that the appraisal of property of any foreign freight line and equipment company shall include only property of such company and not its corporate franchise.
Fuel Gross Receipts	33 § 2503	0.5% on retail sales of fuel	Tax is on the retail seller of fuels other than motor fuel to fund the home weatherization assistance trust. Sunset provision extended to July 1, 2003.
Games of Chance Licenses	32 § 10204	Manufacturer's license \$3,000 annually; distributor's license \$2,000 annually	Manufacturers and distributors of break-open tickets for sale in Vermont must be licensed by the Commissioner. Only nonprofit organizations may purchase from distributors, and each ticket sold must bear a unique serial number.
<p>Hazardous Waste Generation</p> <p>Persons initiating shipment:</p> <p>Recycled</p> <p>Nonrecycled</p> <p>Certain waste in Vermont for less than 180 days</p> <p>Facilities as defined in 10 V.S.A. § 6606:</p> <p>Recycled</p> <p>Treated</p> <p>Disposed of in landfill</p>	32 § 10103	<p>Rates vary depending on treatment and disposal</p> <p>11¢ per gallon or 1.4¢ per lb.</p> <p>23.6¢ per gal or 30¢ per lb.</p> <p>1.0¢ per lb.</p> <p>11¢ per gallon or 1.4¢ per lb.</p> <p>15.7¢ per gallon or 2.0 per lb.</p> <p>23.6¢ per gallon or 3.0 per lb.</p>	Tax is on persons initiating shipment of hazardous waste who are required to file a manifest pursuant to Federal resource conservation and recovery act and facilities required to obtain certification under 10 V.S.A. § 6606. Tax is based on the volume and destination of hazardous waste.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Income, Corporate	32 § 5832	\$0-10,000 7%; \$700 + 8.10% of excess over \$10,000; \$1,915 + 9.2% of excess over \$25,000; \$22,615 + 9.75% of excess over \$250,000	Tax is on Vermont net corporate income allocated or apportioned to Vermont. Minimum tax is \$250 (\$75 for small farm corporations).
Income, Personal	32 § 5822	3.6 – 9.5%	Vermont tax rates imposed on Vermont taxable income.
Insurance	32 § 8551	2% of gross premiums and assessments	Domestic or foreign insurance companies, associations or societies, other than life, surety or guaranty companies, are assessed a 2% tax per year on gross premiums and assessments written or collected for business in this state, excluding premiums for reinsurance.
Insurance, Captive	8 § 6014	Direct premiums tax ranges from .004% to .00075%, decreasing as direct premiums increase. Reinsurance premiums tax ranges from .00225% to .00025%, decreasing as the total reinsurance premiums increase.	Captive insurance companies are assessed a .004% tax on the first \$20 million, .003% on the next \$20 million, .002% on the next \$20 million, .00075% on each dollar thereafter on direct premiums; plus .00225% of first \$20 million and .00150% of the next \$20 million and .00050% on the next \$20 million and .00025% of each dollar thereafter on reinsurance premiums of \$5,000 or more. There is a minimum tax of \$5,000.
Insurance, Surplus	8 § 5035	3% of gross premiums less return premiums	Tax is imposed on gross premiums, less return premiums, for surplus lines coverage placed with nonadmitted insurers.
Land Gains	32 § 10001	5% - 80% of gain on land sold if seller held land less than 6 years	Tax is on the gain made from the sale or exchange of land located in Vermont and held by the seller less than six years. Rate is in inverse proportion to holding period.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Land Use Change	32 § 3757	20% of full fair market value of developed land	Tax is assessed if agricultural or managed forest land previously appraised under the land use value program is developed.
Meals and Rooms	32 § 9241	9% on meals and rooms; 10% tax on alcoholic beverages	Tax is on the gross receipts from the rental of rooms and the charge for meals, including alcoholic beverages. A one-time, non-transferable license is necessary before engaging in serving taxable meals or rental of rooms.
Musical Machine	32 § 7502	\$25 per machine	Annual license required for coin operated machines which provide musical, vocal or visual entertainment.
Property Transfer	32 § 9602	1.25% of value of the property transferred, except principal residence and Title 7 housing cooperatives: 0.5% of first \$100,000 + 1.25% of amount greater than \$100,000. Chapter 124 land use programs: 0.5%	Tax is imposed upon the transfer of title by deed to property located in this state.
Railroad	32 § 8211	1% of appraised value	Tax is assessed annually upon the appraised value of property and corporate franchise of each person or corporation owning or operating a railroad located in whole or in part within this state. 50% of the tax is paid to each town where railroad real estate is located.
Sales and Use	32 § 9771	5% (4.36% on telecommunications services)	Sales tax is on the retail sales price or rental charge of tangible personal property, the charge for amusements, and the retail sale of telecommunications services. Use tax is on the retail sales price of tangible personal property that is to be used, stored, or consumed within Vermont where no Vermont sales tax was payable.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Solid Waste	32 § 5952	\$6.00 per ton (certain small landfills may pay on volume)	Tax is on public and private certified treatment and waste facilities.
Statewide Education Property	32 § 5402	\$1.10 per \$100 of equalized education property value	Tax is imposed on all nonresidential and homestead property and is collected by the towns. (Towns' obligation is \$1.10 x municipality's equalized education grand list for the previous year.) Individual tax liability is adjusted pursuant to the income sensitivity provisions of Title 32, Chapter 154.
Telephone	32 § 8521	2.37% of net book value on preceding December 31	Tax is on all of the company's personal property within the state.
Telephone (Alternative Tax)	32 § 8522	2.25% to 5.25% of gross operating revenue	Tax may be elected in lieu of telephone property tax by companies with less than \$50 million in gross operating revenue in previous year.
Tobacco	32 § 7811	41% of wholesale price	Tax is imposed on the wholesale price of tobacco products (other than cigarettes) that a distributor imports into or manufactures in this state.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Local Option (municipally imposed tax)	24 § 138	1% of sales tax excluding tax on telecommunications, 1% meals and alcoholic beverages tax and 1% rooms tax	Authorized until 12/31/06 for certain towns impacted by Act 60. Tax is on sales subject to state sales tax (except clothing under \$110 is taxed and telecommunications charges are not taxed). Receipts are divided 70% to town and 30% to PILOT. Only Manchester has elected this tax as of 1/15/01.

## DESCRIPTION OF TAX CREDITS AND PROGRAMS

TYPE OF CREDIT/REBATE	V.S.A. REFERENCE	AMOUNT OF CREDIT/REBATE	DESCRIPTION
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Children's Trust Fund	32 § 5862b	N/A	Contributions of designated portion of income tax refund to Children's Trust Fund.
Commercial Film Production Credit	32 § 5826	Difference between Vermont tax on such income and tax in taxpayer's state of residence multiplied by the Vermont commercial film production income.	Credit against income tax for income received for a dramatic performance in a commercial film production.
Economic Advancement Tax Incentives	32 § 5930b - 5930g		Business may request approval of not more than 3 of these credits against income tax. Credits must be approved by Vermont Economic Progress Council.
1. payroll credit	32 § 5930c	1. percent of increased payroll costs	
2. research and development credit;	32 § 5930d	2. 10% of qualified research and development expenditures	
3. workforce development incentive credit	32 § 5930e	3. 10% of qualified training, education and workforce development expenditures	
4. export tax incentive	32 § 5930f	4. difference due to double weighing sales factor	
5. small business investment credit	32 § 5930g	5. 5% to 10% of investments within Vermont in excess of \$150,000 in plant and facilities and machinery and equipment	
6. high tech growth incentives	32 § 3930k	6. Certain high tech businesses entitled to new range of tax incentive	High tech credits mirror other VEPC granted credit, but high tech businesses may be entitled to more credits than other businesses.
Financial Services Development Credit	32 § 5922	Amount of qualified person's Vermont income tax liability from investment management sources multiplied by certain ratios.	Credit against income tax for persons primarily engaged in business as an investment advisor or in investment management.
Historic Building Rehabilitation Credits	32 § 5930n  32 § 5930p	5-10%, dependent on location, of qualified rehabilitation expenditures under 26 U.S.C. § 47(c) 25% of qualified expenditures (not to exceed \$100,000)	Available to taxpayer also claiming Federal credit  Expenditure must be certified by local board.

TYPE OF CREDIT/REBATE	V.S.A. REFERENCE	AMOUNT OF CREDIT/REBATE	DESCRIPTION
Homestead Property Tax Income Sensitivity Adjustment	32 § 6066	a. Statewide education tax in excess of 2.0 percent of household income or assessment if equalized value of homestead were reduced by \$15,000; b. local share tax derived from adjusted statewide tax; c. credit against income equal to amount by which adjusted property taxes exceed a percent-age of household income: \$0-4,999, 3.5% \$5,000-9,999, 4.0% \$10,000-24,999, 4.5% \$25,000-47,000, 5.0%	For claimants with household income of less than \$75,000, (a) and (b) are available; for claimants with household income of \$47,000 or less, (c) is also available. For claimants with household income of \$75,000 or more, (a) and (b) are available limited as follows: statewide property tax liability is limited to the lesser of 2% of household income plus the statewide property tax of the value of the homestead in excess of \$160,000.
Housing Investment Tax Credit	32 § 5830c	Variable, not to exceed 3% of average out-standing balance of investment	A credit against personal or corporate income, bank franchise and insurance gross premiums tax for investment in eligible housing charities.
Mobile Home Park Sale Credit	32 § 5828	7% of taxpayer's gain subject to Federal income tax	Credit for capital gains on sale of mobile home park to majority of park's leaseholders.
Nongame Wildlife Fund	32 § 5862a	N/A	Contributions of designated portion of income tax refund to Fish and Wildlife Department.
Training Tax Credit	32 § 5930t	Up to \$400 per qualified employee per taxable year	A credit against income tax for training expenses associated with providing training to individual employees.
Vermont Campaign Fund Add-on	32 § 5862c	N/A	Contributions of designated portion of income tax refund to the Vermont Campaign Fund.
Vermont Earned Income Tax Credit	32 § 5828(b)	32% of Federal credit	A credit against income tax liability is allowed for resident and part-year resident individuals receiving the Federal Earned Income Tax Credit.

## SALES AND USE TAX STATISTICS

Fiscal Year Summary by County

<b><u>COUNTY</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>DIFFERENCE</u></b>	<b><u>% CHG.</u></b>
Addison	6,358,309	6,474,207	115,898	1.8%
Bennington	14,996,233	14,757,224	(239,009)	-1.6%
Caledonia	6,039,084	6,205,769	166,685	2.8%
Chittenden	65,776,133	66,138,197	362,064	0.6%
Essex/Orleans <sup>2</sup>	6,370,707	7,052,425	681,718	10.7%
Franklin/Grand Isle <sup>2</sup>	8,848,955	9,000,115	151,160	1.7%
Lamoille	7,512,980	7,724,704	211,724	2.8%
Orange	3,396,587	3,529,869	133,282	3.9%
Rutland	23,531,203	23,852,435	321,232	1.4%
Washington	15,131,542	15,405,622	274,080	1.8%
Windham	12,204,061	11,861,784	(342,277)	-2.8%
Windsor	11,980,173	12,787,972	807,799	6.7%
Other <sup>3</sup>	28,541,709	25,002,732	(3,538,977)	-12.4%
<b>GRAND TOTAL <sup>1</sup></b>	<b>210,687,677</b>	<b>209,793,054</b>	<b>(894,623)</b>	<b>-0.4%</b>

## MEALS AND ROOMS STATISTICS

Fiscal Year Summary by County

<b><u>COUNTY</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>DIFFERENCE</u></b>	<b><u>% CHG.</u></b>
Addison	3,306,577	3,255,269	(51,308)	-1.6%
Bennington	7,667,742	7,661,355	(6,387)	-0.1%
Caledonia	2,501,030	2,547,612	46,582	1.9%
Chittenden	23,192,269	24,168,283	976,014	4.2%
Essex/Orleans <sup>2</sup>	2,424,447	2,550,358	125,911	5.2%
Franklin/Grand Isle <sup>2</sup>	3,286,080	3,379,461	93,381	2.8%
Lamoille	8,638,958	8,683,044	44,086	0.5%
Orange	1,545,067	1,574,415	29,348	1.9%
Rutland	11,935,370	11,948,892	13,522	0.1%
Washington	7,467,278	7,381,606	(85,672)	-1.1%
Windham	9,967,689	9,383,784	(583,905)	-5.9%
Windsor	9,960,772	10,068,216	107,444	1.1%
Other <sup>3</sup>	3,993,657	4,372,885	379,228	9.5%
<b>GRAND TOTAL <sup>1</sup></b>	<b>95,886,935</b>	<b>96,975,177</b>	<b>1,088,242</b>	<b>1.1%</b>

<sup>1</sup> Individual numbers may not sum to total due to rounding.

<sup>2</sup> Figures combined to assure confidentiality of individual taxpayers.

<sup>3</sup> Other as a county name represents businesses with no fixed location within Vermont and businesses such as grocery and convenience stores reporting for multiple locations.



## FY2001 MEALS AND ROOMS STATISTICS

### Summary by County

<b><u>COUNTY</u></b>	<b><u>TAXABLE MEALS</u></b>	<b><u>TAXABLE RENTS</u></b>	<b><u>TAXABLE ALCOHOL</u></b>	<b><u>TAXABLE RECEIPTS</u></b>	<b><u>TOTAL TAX<sup>1</sup></u></b>
Addison	23,632,455	9,017,711	3,680,617	36,330,782	3,306,577
Bennington	44,608,515	30,427,221	9,145,260	84,180,997	7,667,742
Caledonia	19,114,317	5,807,301	2,580,836	27,502,454	2,501,030
Chittenden	167,261,555	57,191,443	29,914,989	254,367,987	23,192,269
Essex/Orleans	16,386,796	7,605,278	2,651,597	26,643,671	2,424,447
Franklin/Grand Isle	24,658,990	8,013,026	3,455,986	36,128,002	3,286,080
Lamoille	40,327,419	46,123,007	8,584,193	95,034,619	8,638,958
Orange	12,151,396	3,396,393	1,457,658	17,005,447	1,545,067
Rutland	67,197,781	47,043,437	16,536,613	130,777,831	11,935,370
Washington	53,566,651	19,693,906	8,738,285	81,998,841	7,467,278
Windham	58,493,502	38,648,842	12,248,783	109,391,126	9,967,689
Windsor	53,030,401	45,195,529	11,204,382	109,430,312	9,960,772
Other	44,373,971			44,373,971	3,993,657
<b>GRAND TOTAL</b>	<b>624,803,749</b>	<b>318,163,093</b>	<b>110,199,204</b>	<b>1,053,166,046</b>	<b>95,886,935</b>

## FY2002 MEALS AND ROOMS STATISTICS

### Summary by County

<b><u>COUNTY</u></b>	<b><u>TAXABLE MEALS</u></b>	<b><u>TAXABLE RENTS</u></b>	<b><u>TAXABLE ALCOHOL</u></b>	<b><u>TAXABLE RECEIPTS</u></b>	<b><u>TOTAL TAX<sup>1</sup></u></b>
Addison	23,518,342	8,655,061	3,596,630	35,770,033	3,255,269
Bennington	44,876,764	30,031,670	9,195,957	84,104,391	7,661,355
Caledonia	19,161,561	6,234,142	2,619,989	28,015,692	2,547,612
Chittenden	176,031,252	56,128,505	32,739,045	264,898,803	24,168,283
Essex/Orleans	17,304,302	7,863,974	2,852,129	28,020,405	2,550,358
Franklin/Grand Isle	25,478,059	8,206,757	3,478,276	37,163,091	3,379,461
Lamoille	39,351,622	47,388,722	8,764,128	95,504,471	8,683,044

Orange	12,811,847	3,035,742	1,481,316	17,328,905	1,574,415
Rutland	68,482,884	46,322,537	16,164,036	130,969,458	11,948,892
Washington	53,325,070	19,049,340	8,679,085	81,053,495	7,381,606
Windham	56,572,372	34,453,352	11,914,679	102,940,403	9,383,784
Windsor	53,524,092	45,901,088	11,199,499	110,624,679	10,068,216
Other	48,587,612			48,587,612	4,372,885
<b>GRAND TOTAL</b>	<b>639,025,780</b>	<b>313,270,890</b>	<b>112,684,767</b>	<b>1,064,981,437</b>	<b>96,975,177</b>

<sup>1</sup> Individual numbers may not sum to total due to rounding.

## FISCAL YEAR COMPARISON OF RECEIPTS

### GENERAL FUND

<u>Type of Tax</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>% Chg</u>
Beverage	4,818,535	4,843,009	4,992,566	3.1
Captive Insurance	10,001,477	10,694,853	11,518,924	7.7
Cigarette & Tobacco	25,505,609	26,727,370	26,669,664	-0.2
Electrical Energy	5,927,676	3,117,905	2,809,859	-9.9
Estate	13,550,487	12,714,006	13,885,881	9.2
Income, Corporate	47,094,369	50,537,399	32,037,906	-36.6
Income, Personal	431,955,919	453,092,428	402,263,368	-11.2
Insurance	20,400,650	21,445,072	23,494,272	9.6
Land Gains	1,729,903	2,010,081	1,915,651	-4.7
Meals & Rooms	92,039,296	97,243,229	99,141,786	2.0
Miscellaneous <sup>1</sup>	4,660,257	17,360,203	13,887,890	-20.0
Property Transfer	20,934,847	21,377,071	25,015,561	17.0
Sales & Use <sup>2</sup>	230,376,889	228,080,534	228,355,893	0.1
Telephone	10,327,796	10,379,828	10,383,251	0.0
TOTAL	919,323,710	959,622,988	896,372,472	-6.6

### TRANSPORTATION FUND

Railroad	66,687	163,798	217,645	32.9
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### SPECIAL INTEREST FUNDS

Childrens' Trust	81,185	44,986	109,360	143.1
Non-Game Wildlife	118,567	64,240	141,110	119.7
<b>TOTAL REVENUES</b>	<b>919,590,149</b>	<b>959,896,012</b>	<b>896,840,587</b>	<b>-6.6</b>

<sup>1</sup> Amount includes amusement, aviation jet fuel, bank franchise, break open tickets, freight lines, fuel gross receipts, hazardous waste, land use change, and solid waste.

<sup>2</sup> Includes sales tax on telecommunications.

## **REVENUE PER UNIT OF TAX (SELECTED TAXES)\***

Note: These simple yield rates assume no change in demand in response to the price change that would accompany a given tax rate change.

Estimates based upon estimated FY2004 revenues by Joint Fiscal Office.

<b>REVENUE SOURCE</b>	<b>Tax Rate</b>	<b>Yield/Unit of Tax</b> (dollars in millions)
Personal Income	--	NA*
Sales and Use	5%	\$42.52
Telecommunications	4.36%	\$3.58
Meals and Rooms	9%	\$10.54
Bank Franchise	.0096%	\$0.07
Gasoline	0.19	\$3.44
Diesel	0.25	\$0.67
Purchase and Use	6%	\$13.52

\* The personal income tax was restructured in tax year 2002; any estimate of revenue change depends upon bracket, rate and taxable income parameters.

Source: Joint Fiscal Estimates based on January 2002 Official E-Board Forecast for FY2004.